

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 3216 - SB 3073

March 28, 2012

SUMMARY OF BILL: Grants the Commissioner of the Department of Financial Institutions (DFI) the power to enforce any provision of Tennessee Code Annotated Title 47 against any entity regulated by the Commissioner.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$30,200/One-Time/DFI
\$1,734,100/Recurring/DFI**

Assumption:

- According to DFI, the Compliance Division of the Department is currently authorized to enforce certain statutory provisions in Chapter 14 (Interest Rates Generally), Chapter 15 (Interest on Home Loans), and Chapter 30 (Home Equity Conversion Mortgages) of Title 47 of Tennessee Code Annotated against certain non-bank entities regulated by the Department.
- The proposed legislation would authorize all of the divisions of the Department to enforce all 50 Chapters (Chapters 33 through 49 are reserved) of Title 47 against any entity regulated by the Department.
- To accomplish the provisions of the bill, the Department would be required to: develop new programs and policies in order to examine entities for compliance with Title 47; process consumer complaints and referrals alleging violations of Title 47; provide training/professional education for Department personnel concerning the enforcement of Title 47; and initiate investigations and prosecute administrative enforcement actions against entities based upon alleged violations of Title 47.
- In order to carry out all duties and responsibilities imposed by the bill, the Department will hire additional personnel to fill the following 24 positions: 2 Administrative Services Assistants (ASA) to assist with the investigation and prosecution of administrative enforcement actions; 3 ASAs to process consumer complaints and referrals; 2 Financial Institutions Safety and Soundness Administrators to develop policies and protocols, to coordinate the training/professional education of Department personnel, and to review the results of investigations for possible prosecution; 2 Attorney III positions to provide advice and counsel concerning the enforcement of Title 47, to assist with investigations, and to prosecute administrative enforcement actions;

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and 15 Examiner IV positions to conduct examinations of entities for compliance with Title 47 and to conduct investigations.

- The increase in recurring state expenditures associated with these 24 positions will be \$1,734,054 (\$1,217,832 salary + \$324,232 benefits and insurance + \$150,000 travel + \$21,500 ongoing training + \$20,490 connections and networking). Out of this, \$815,467 will be funded by appropriations from a dedicated revenue source (bank assessment collections) and \$918,587 will be funded by current services revenue collected from credit unions and other financial institutions.
- The increase in one-time state expenditures will be \$30,150 (\$27,750 computers and printer + \$2,400 training). Out of this, \$13,498 will be funded by appropriations from a dedicated revenue sources (bank assessment collections) and \$16,652 will be funded by current services revenue collected from credit unions and other financial institutions.
- The Department of Financial Institutions will have greater authority to bring a cause of action under the Consumer Protection Act. Any cause of action that the Department decides to bring will result in additional work by the Office of Attorney General and Reporter to represent the Department in court. Any cost incurred by the Attorney General's Office can be accommodated within existing resources without an increased appropriation.
- The provisions of the bill will not change the current authority of the Department of Commerce and Insurance under the Consumer Protection Act and will not result in a fiscal impact to the Department.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', is written over a light gray circular stamp.

Lucian D. Geise, Executive Director

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